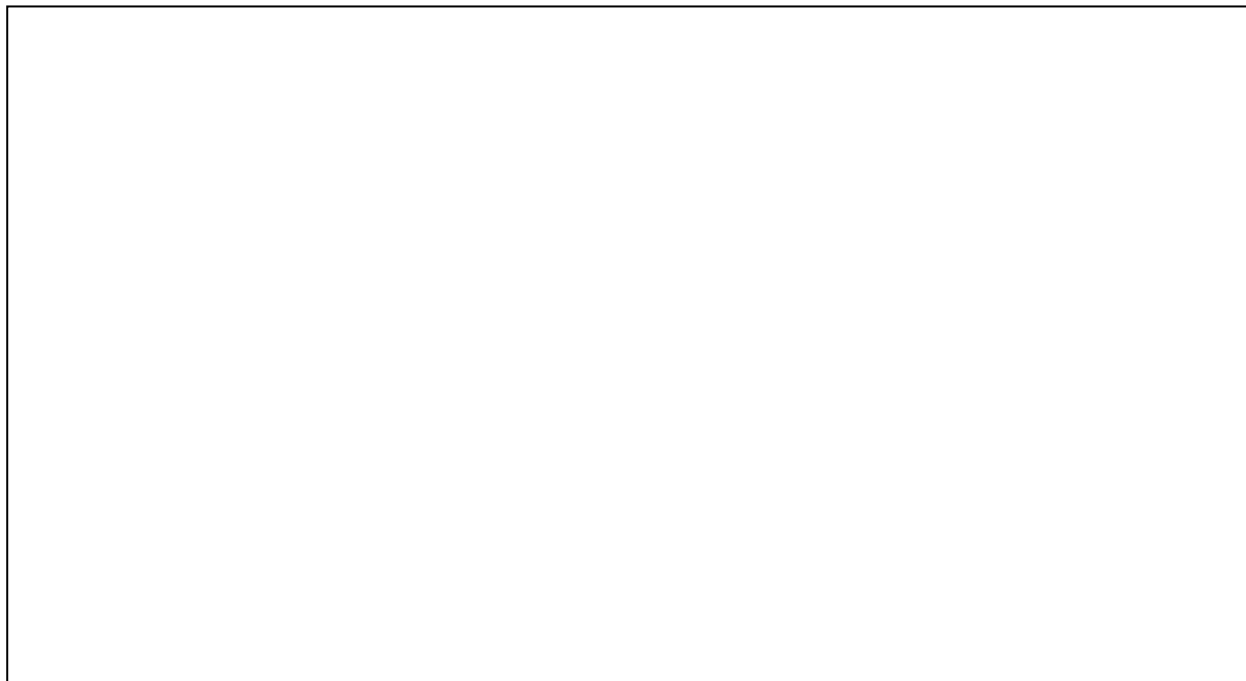




## **INDEPENDENT MONITORING ON TIMBER LEGALITY COMPLIANCE AT HOUSEHOLD LEVEL**



# **SUMMARY REPORT**

## **BASELINE SURVEYS ON TIMBER LEGALITY COMPLIANCE AT HOUSEHOLD LEVEL**

***Project “Promoting FLEGT in South East Asia through proactive CSO  
engagement”***

Hanoi – May 2017

## **Forewords**

The Voluntary Partnership Agreement (VPA) between Vietnam and the European Union (EU) on “*Forest Law Enforcement, Governance and Trade - FLEGT*” aims at ensuring timber and timber products are legally sourced throughout the supply chain. Once VPA comes into force, it is anticipated that VPA will affect different groups operated in timber industry, including forest dependent households.

This summary report is written based on reports from Baseline Surveys on Compliance to LD at Household level in eight provinces of Vietnam during 2015 – 2017. The Baseline Surveys were part of the project “*Promoting FLEGT in South East Asia through Proactive CSO Engagement*” funded by the EU through Fern. SRD directly implemented Vietnam’s component.

Members of the VNGO-FLEGT network participated in these surveys include: The Centre for Sustainable Rural Development (SRD), The Centre for Rural Development in Central of Vietnam (CRD), The Research Institute for Sustainable Forest Management and Forest Certification (SFMI), Consultative and Research Centre on Natural Resource Management (CORENARM ), Agriculture and Forestry Research & Development Centre for Mountainous Region (ADC), Northwest Cooperation Development Centre (NWD), The World Agroforestry Centre (ICRAF), Chinh Nguyen Forestry Consulting Firm, The Union of Scientific and Technology Associations of Kon Tum, The Centre for Sustainable Community Development (SCODE), The Forestry Consultancy Centre of Nghe An (NACEFDECO), The Union of Scientific and Technology Associations of Quang Nam, the Forest Protection Offices of Hoanh Bo, Ba Che, Dong Son-Ky Thuong Conservation Zone of Quang Ninh province, the Forest Protection office of Thai Hoa, Nghệ An province.

Among above members, Dr. Phan Trieu Giang, Dr. Tran Nam Thang, Dr. Truong Quang Hoang, Mrs Duong Thi Lien and Mr Hoang Quoc Chinh who had significant contributions to the design of the baseline surveys as well as the survey reports.

Finally, on behalf of the Steering Committee of the VNGO-FLEGT network, I would like to express great honor to the EU and FERN who provided financial and technical support for these surveys. Other stakeholders, especially the households involved in planting, harvesting, transporting and processing of timber, local government agencies, organisations and individuals who had provided information and supported the surveys.

Although research members spend tremendous effort and with valuable support from numerous households and various stakeholders especially at local levels for the 08 studies, however as VPA/FLEGT is relatively new and very technical, also the research subject is the first time for VNGO\_FLEGT, thus this report may still have many shortcomings in the process of action research and report writing. Thus we very much hope to receive feedback from readers to further improve the report.

Sincere thanks,

**Vu Thi Bich Hop**



**Chair of VNGO- FLEGT network**

**Executive Director - SRD**

Reference: VNGO-FLEGT, 2017, Baseline surveys on the compliance to Timber Legality Definition at household level in Vietnam.

Prepared by: The FLEGT team –SRD

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Approved by: Vu Thi Bich Hop – Chair of the VNGO-FLEGT Network

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## EXECUTIVE SUMMARY

In the period from June 2015 to February 2017, the VNGO-FLEGT network conducted “*Baseline Surveys on Compliance to Timber Legality Definition at Household level*” in 43 communes belong to 13 districts and 02 cities of 08 provinces of Vietnam, including Hoa Binh, Quang Ninh, Phu Tho, Nghe An, Quang Binh, Quang Nam, Binh Dinh and Kon Tum. A mixed-method approach, including review of secondary data, key informant interviews, household interviews, and group discussions, was employed to obtain data about legal regulations, control institutions, households involved, plantation forest and timber products, procedures for timber exploitation, transport and processing, and compliance with legal regulation. A total of 938 people were interviewed, including 107 government staff and officials at commune and district levels, and 831 households involved in timber exploitation, transport and processing. The focus of the baseline surveys is to collect information on the compliance to LD by two households involved in (1) planting and harvesting of timber; and (2) timber processing activities.

The information collected in the surveys is the current data which would feed into the VPA negotiation process so that the terms and conditions negotiated are relevant to the context of Vietnam. The baseline data (pre VPA) on compliance to LD of households collected in these surveys is stored in a database and will be referred to in the Independent Monitoring process by the VNGO-FLEGT network post VPA.

Findings reveal that timber exploitation, transportation and processing are key economic and common activities of households in the study area, particularly those with sufficient land and labor, and financial capital. Small-scale timber exploitation, transportation and processing are carried out by individual households without any linkage or business cooperation. However, these activities provide significant incomes for households. For example, households involved in timber exploitation could earn between 15 and 20 million VND annually, and about 100 million VND for households involved in timber transportation and trade. Finally, those involved in timber processing could earn as much as 100-150 million VND annually.

Timber exploitation, transportation and processing by households formed the supply chain of timber products from forest plantations in the studied communes. Majority of plantation forests are dominated by *Acacia mangium*, an exotic species commonly used for forest plantation in many parts of Vietnam. Veneer, wood blank, purlin, formwork and wood chips are the main products of the acacia supply chain, both for the domestic and export market.

A number of regulations stipulated in Laws, Decrees and Circulars exist concerning timber exploitation, transportation and processing by households. Accordingly, in order to legally exploit timber, households are required to have Land Use Certificates or an equivalent document (Art. 13 Law on Forest Protection and Development 2004), a timber exploitation application accepted/signed by the Communal People Committee (CPC), and a record (simply in a Table) of exploited forest product reported to the CPC (Art.6 Circular 21/2016/TT-BNNPTNT). To transport timber, households need to accomplish a ‘Table’ of forest products, which will be reported to the Forest Protection Station (FPS) (Art.1, paragraph 6 Circular 40/2015/TT-BNNPTNT). Regarding timber processing, households are required to have a ‘Table’ with information on timber received/bought from sellers, and one other Table showing the volume of processed timber (Art. 13, 17 and 20 Circular 01/2012/TT-BNNPTNT).

The procedures to obtain acceptance/permit to exploit and transport timber from plantation forests (and related state institutions, e.g. CPC and FPS) are not clearly defined, and therefore, not uniform across the study site. Interviewed households and key informants such as commune forest staff revealed different experiences. In some cases, households simply submit Timber Exploitation Applications together with the Table on forest products to be exploited to the PPC, and obtain approval without being checked as to the existence and location of their plantation forests by commune forest staff or forest ranger. In other cases, plantation forests were checked, but the staff of the CPC or FPS could not measure the standing volumes of timber to be harvested. Overall, it appears that ground checking by responsible staff of the PPC or FPS is rarely conducted.

Compliance with existing legal regulations in timber exploitation, transportation and processing by the households is thus, partial. For timber exploitation, more than 30% of interviewed households, especially 88% in Kon Tum province, did not have Land Use Certificates over ‘their’ exploited plantation forests; 50% of 357 households did not complete their Table of record of forest products, and the volume of timber actually exploited was often above 10% higher than those recorded by the households. Regarding timber transportation, the volume of timber actually transported was 10-30 % higher than that recorded by the households, as revealed by interviewed households. Concerning timber processing, all most of interviewed households did not have sufficient Table of record of timber bought and processed. Hence, based on existing legal regulations, the legality of timber exploited, transported and processed by households in the study site appears lacking.

Three key factors, the household, legal regulations and state control institutions altogether, relate to compliance with existing legal regulations. Lack of knowledge on legal regulations, on methods and skills to measure and calculate timber volumes and awareness of households in the completion of legal procedure are interlinked issues that led to compliance problem. With regard to legal regulations, lack of regulations on verification of (legal) timber harvested, transported and processed by households, and poor dissemination of legal regulations have been found to be related to compliance issues as revealed by key informants and during group discussions. Furthermore, concerning control institutions, such as CPC and FPS, their lack of organizational capacities due to unclearly defined authority and responsibilities, as well as insufficient number of staff, equipment and financial resources also contribute to the problem of compliance with existing legal regulations.

Based on the study findings, the following key recommendations are proposed to facilitate compliance of timber legality in the context of the EU-Vietnam VPA when it comes into effect.

- *Forest land allocation and recognition of use rights.* Legal use rights of households (having Land Use Certificate) is a prerequisite for compliance in timber exploitation. However, in the study site, there are still a number of households without Land Use Certificates despite having planted trees and exploited forest products (on forest land handed by state authority to Forest State Enterprises or Watershed Forest Management Board) for 2 -3 rotations or about 20 years already. The government has had policies to reallocate forestland to households and other entities; however, implementation of land allocation has been quite slow at the local level. In Thanh Son district, land allocation just has been completed in two among 23 communes. To help households obtain ‘use rights’ over forestland, the land allocation process should be expedited.

- *Information dissemination and farmers' capacity building.* Legal regulations should be disseminated regularly to households involved in timber exploitation, transportation and processing. Households should be trained on the legal procedures for timber exploitation, transportation and processing, as well as on methods to measure and calculate timber volumes, enabling them to complete legally required documents. Support should be in place for households to organize into groups in order to learn, and help each other to comply with legal requirements and procedures in timber exploitation, transportation and processing.
- *Legal regulations.* As the EU-Vietnam VPA will soon be enforced, it is crucially important for Vietnam to revise and/or issue new legislations to realize the commitments stipulated in the agreement. Findings from this study indicate absence of, or gaps in the existing legal regulations related to timber exploitation, transportation, and processing by households, such as lack of regulation on verification of forest product documents, as well as timber exploited, transported and processed by households. Another concern raised was that related regulations are stipulated in different legal documents (e.g. in Law, Decree and several Circulars), creating a problem in interpretation and application. It is therefore recommended, that related regulations are consolidated in one 'master' legal document.
- *Capacity-building of state control institutions.* There is a need to improve or build the capacity of state institutions involved in the control of timber exploitation, transportation, and processing, to ensure compliance with legal regulations. Specific measures include (i) A clearly defined institutional mandate to verify timber legality, as well as responsibilities for ensuring compliance with legal regulations at each point of the supply chain; (ii) Training for staff of state institutions, particularly at the commune level; and (iii) Providing sufficient financial incentives and equipment for responsible staff in implementing their mandated tasks. These measures could be considered when developing the Legality Timber Assurance Systems (LTAS) particularly the control system of the supply chain of timber products exploited, transported and processed by households at the local level as well as building capacity to operate the system.



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